

Central Falls Detention Facility Corporation Meeting Minutes
Thursday, December 19, 2013
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
4:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date in the Training Building at 4:00p.m.

1) Call to order / Roll Call – 4:00 p.m.

Members present: Chairman Doherty, Director Cabral, and Director Rios

Absent: Director Figueroa, Director Tillinghast*

*Director Tillinghast arrived at 4:25 p.m.

2) Pledge of Allegiance

3) Public Comment

Chairman Doherty stated that, since this was the final scheduled meeting of the year, he wanted to thank the employees, the Officers, and the Administration at the facility for the phenomenal work that they do throughout the year.

Chairman Doherty recognized that Anthony Rainville, President of the FOP Union was present, as well as, Mayor Tom Lazieh.

Mayor Lazieh thanked the Board members for their service. As initiator of this project, he is interested in the financial benefits to the City. The primary objective when the facility was constructed was that it would be a financial benefit to the City of Central Falls as well as an exemplary facility. He is hopeful that the Board is still working toward this. He asked about the disposition of the taxes for the property on which the Training Building sits. He congratulated Class 34, the newest Officers to join the facility. He added that he hopes the New Year brings progress and financial benefits to all, especially the City. He wished everyone a Merry Christmas.

Chairman Doherty stated that the Board will do everything they can to get the facility to the point where it can be a benefit to the City of Central Falls.

4) Approval of Minutes 11/14/13

Director Cabral asked to strike a comment attributed to him on the second page of the draft. He said that he would not have commented on PVC, he may have spoken of PVI-heaters. Regardless, without closer examination, he wouldn't say that anything was the way to go.

Motion to approve the minutes of the 11/14/2013 meeting, with the exception of the comment above made by Director Cabral; seconded by Director Rios. All were in favor. Motion passed.

5) New Business

A. Notice of Selection of Financial Auditing Firm

Warden Murphy said that we are challenging all of our existing contracts. We are putting out RFP's to get the best deals possible. We put out an RFP for these services and awarded the contract to Bacon & Company, LLC. They are able to perform the same services as the former auditing firm for less money. We followed all procurement regulations in making this selection. He assembled a committee that made a recommendation to him. He challenged the committee to ensure that they were not coerced in any way and all ensured him that they were not. He asked CFO Cuzzupe to discuss the details of the process.

Bob Cuzzupe said that we posted an RFP in October. Three companies responded: one was Clifton, Larsen, Allen, one was O'Connor and Drew, and the other was Bacon and Company.

Chairman Doherty asked where Bacon and Company was from. CFO Cuzzupe responded that they are from Rhode Island.

The evaluation committee consisted of CFO Cuzzupe, DW Tapley, and Lori Pouliot. Each individual evaluated the proposals separately using a scoring system. Bacon and Company scored the highest for throughout the process.

B. Proposed 2014 CFDFC BOD Meeting Schedule

The proposed schedule provides for a monthly Board meeting on the third Wednesday of each month scheduled to start at 5:00p.m.

Motion to accept the proposed schedule for the 2014 CFDFC BOD Meeting Schedule was made by Director Rios; seconded by Director Cabral. All were in favor. Motion passed.

C. Report of CFO

1) Current Cash Report

The following is a brief summary of the financial results for Central Falls Detention Facility Corp. for the period ended November 30, 2013.

REVENUE

Total revenue for the month was approximately \$1.7M, a decrease of \$87K compared to October. The decrease was due to contract services being lower by \$45K, one less day of billing compared to last month. Transportation was lower by \$31K and telephone and commissary revenue being lower by \$11K. ADP for the month was 530 compared to 527 for October.

Revenue for the month was unfavorable to budget by \$334K. The budgeted ADP was 634 for the month compared to the actual of 530.

YTD Revenue is \$21.1M, \$1.9M unfavorable to budget.

OPERATING EXPENSES

Total operating expenses for the month were \$1.4M, same as October. Total operating expenses for the month were \$80K favorable to the budget.

YTD operating expenses are \$15.7M, \$96K favorable to budget.

Salaries and Fringe

Total salaries and fringe were approximately \$1M, \$48k favorable to budget attributable to lower than budgeted for payroll taxes \$16K, employer medical expenses of \$19K and wages of \$7K and workers compensation insurance of \$5K.

Inmate Care Expenses

Total inmate care expenses were approximately \$123K, \$15K favorable to budget. The decrease was due to lower food service expenses (\$9K), inmate clothing (\$1K), inmate programs (\$3K), and professional services (\$2K).

Direct & Administrative Expenses

Total direct and administrative expenses were approximately \$124K, and were on budget.

Insurance Expense

Total insurance expenses were approximately \$46K which is \$2K favorable to budget.

The decrease was because the medical malpractice insurance renewed at a lower premium.

Building & Utility Expenses

Total building and utility expenses were approximately \$94K, \$15K favorable to budget. This was due to lower than expected gas and electric costs for the month.

OPERATING INCOME

Operating income for the month was \$334K, \$253K unfavorable to budget. The decrease is the primarily the result of the shortfall in revenue related to the lower than anticipated ADP.

YTD operating income is \$5.4M, \$1.8M unfavorable to budget.

NON-OPERATING REVENUE/EXPENSE

Non-Operating Expenses for the month were \$795K, \$81K favorable to budget. The variance is due to the way interest income is being recognized and the change in depreciation.

CHANGE IN NET ASSETS

Change in net assets for the month was a decrease of \$460K compared to a budgeted decrease of \$288K.

2) Overview of accounts update

The following are the cash balances in the trustee accounts as of November 30, 2013:

General Revenue Fund	\$1,773,082
Debt Service Fund	\$1,361,370
Capital Improvement	\$ 4

O & M Account	\$ 625,815
Debt Service Reserve Fund	\$5,325,083
Fees & Expenses	\$ 24,210

Director Tillinghast asked CFO Cuzzupe what he expected the debt service reserve fund to finish the year at. Mr. Cuzzupe referred him to the last page of the report that he received. He said that, at the end of January when the payment is due, the projected amount to be taken out of the debt service reserve is about \$2.6M. The reserve balance will be down to about \$2.76M.

Director Tillinghast clarified that because the transfers to the debt service fund have been less than full, the shortfall will come from the debt service reserve fund. Mr. Cuzzupe affirmed. Director Tillinghast stated that we will begin 2014 with \$2.75M of our \$8.8M reserve requirement. Cuzzupe concurred. Director Tillinghast commented that we are burning approximately \$250K a month from the reserve at this ADP (530). He pointed out that the facility is at a 60 month low as far as the ADP.

Warden Murphy said that this low ADP is due to a combination of factors to include public policy, the sequester, the government shutdown, and a change to the way that the Federal Bureau of Prisons handle sentenced detainees. Whereas in the past, detainees would remain at this facility for a period of time after being sentenced, now they are quickly moved to their destination. This has been the case for a couple of years now.

Director Tillinghast asked Warden Murphy whether our share of the total detainee population had decreased or whether we have the same share of a smaller population. Warden Murphy said that he believed that our share is the same. He said that other external factors are also in play. He referenced an article that was in the Board Members packet regarding a state facility in Connecticut. We face these battles and we have to do it bigger and better than anyone. He firmly believes that we can do it bigger and better than any other facility. It's just convincing people to send us other markets, like ICE.

Chairman Doherty asked whether Warden Murphy had benchmarked the detainee population at other private institutions throughout the country similar to ours. Warden Murphy stated that he had not benchmarked it. He does have some data that was put out by the Department of Justice, but it is a couple years old and trends have changed since then. Director Tillinghast pointed out that this was public information and that it shouldn't be difficult to get it updated. Warden Murphy said that he'd spoke with Chris Wyler, one of the main bondholders from Oppenheimer, and he said that they are seeing this decreased population across the country. The phenomenon is not specific to us. Chairman Doherty said that, if we were to get ICE back, that all changes. Warden Murphy agreed.

Motion to accept the financial report was made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed.

D. Reports of the Warden and/or Legal Counsel (as necessary); ADP update; Emergency purchases.

Warden Murphy offered the following:

- ADP today is 533; end of day ADP is expected to be 532; ADP for November was 530; October's ADP was 527
- ADP year-to-date is 578, our ADP for 2012 was 619
- We continue to get taxed on suicide watches. To-date we have expanded \$113K. Last year we spent a total of \$106K.
- On December 13th, we brought on-board fourteen (14) new Correctional Officers. He complimented the Training staff, Director Weston and Sergeant Cloud stating that we generally lose four or five during this process, but this time we lost only one. That was due to a medical issue.
- Chairman Doherty publicly thanked Director Weston and Sergeant Cloud for their work.
- We were notified today that ICE will be on-site from January 14th – 16th for a re-occupancy inspection. The staff has worked very hard to get the facility into the condition that it's in. He is hopeful that the inspection will go well. It is important not only for the survival of this facility, but also to the investment of the bondholders, and, someday, to the City of Central Falls. He is optimistic. We are doing everything in our power to prepare for that inspection.
- Chairman Doherty commented that he and Warden Murphy have spent a lot of time working on this. He echoed Warden Murphy's comments about the staff at the facility. He said that it's critical that the Department of Justice recognized that this is a safe, secure facility and professional. People comport themselves with ethics and that's the way it has to be. He looks forward to that meeting with ICE.
- Warden Murphy said that staff has done a tremendous job working for Central Falls. Lori Pouliot and Anthony Rainville, our Union President, usually spearhead collections.
 - This year, we've collected coats, undergarments, and toys for the children of Central Falls.
 - We have our new Officers volunteering to serve the dinner tomorrow night at the Community event.
 - We've adopted five families in Central Falls. We've set-up a Christmas tree for staff members to purchase gifts for needy children that might not otherwise receive any gifts.
 - Ms. Pouliot's daughter organized a toy drive at her high school. Over 1200 toys were collected for the children of Central Falls. Both Warden Murphy & Chairman Doherty asked Ms. Pouliot to thank her daughter on their behalf.
- We are looking at our payroll services. We expect to switch vendors so that we will receive the same level of services at a lower cost.
- We had one emergency purchase, a B.O.S.S. chair. This chair is used to detect metal or items secreted in places where they wouldn't be visible. We had two of these chairs that were not functioning properly, so we've replaced them with this one.
- We put out an RFP for the Commissary Contract. This allows detainees to buy good and services such as personal effects, shampoo, candy, chips, and soda for their consumption. We followed the same procurement process and have selected Aramark as our new vendor for these services.

- Capital Projects update:
 - We are in the process of repairing the sprinkler system. It should be done by January 1st. This was referenced in the Almonte Report.
 - We are also in the process of changing the fire suppression in the DVR room from water to chemicals to protect the computer equipment maintained there.
 - We will be utilizing 2014 Capital Project Funds to address a security matter that he will address in Executive Session.
- We have had no significant incidents due to the vigilance of staff.
- We conducted a facility search. We only found a few items of contraband. There were two or three altered razor blades and a tattoo gun seized.
- We used the search to exercise incident-command. Staff did an excellent job during this exercise.
- We've gone razor-free. Disposable razors are no longer allowed in the facility. Director Cabral asked what "razor-free" meant. Warden Murphy explained that detainees could no longer purchase disposable razors. Now only electric shavers are available for detainees to use.

Motion to accept the report of the Warden was made by Director Cabral; seconded by Director Rios. All were in favor. Motion passed.

6) Agenda items for next Board Meeting scheduled for January 15, 2014 @ 5:00pm

Chairman Doherty stated that, for the record, there is a Board of Directors Training scheduled for January 22, 2014 @ the Training Building.

No agenda items for next meeting were discussed.

Motion to go into Executive session made by Director Rios; seconded by Director Tillinghast. All were in favor. Motion passed.

7) Executive Session pursuant to RIGL § 42-46-5 for the following purposes:

- A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding litigation concerning Cornell, the Fink property tax bill, and an Arbitration decision.
- B. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(3) for the purpose of discussing reassessment of the model for legal services.
- C. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the Warden.

Motion to return to Open Session made by Director Cabral at 5:44p.m.; seconded by Director Rios. All were in favor. Motion passed.

Motion to seal the minutes of Executive Session made by Director Tillinghast at 5:45p.m.; seconded by Director Rios. All were in favor. Motion passed.

8) Adjournment

Motion to adjourn made by Director Tillinghast at 5:45p.m.; seconded by Director Rios. All were in favor. Motion passed.